

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Assessment of Presubscribed Interexchange ) CCB/CPD No. 98-34  
Carrier Charges on Public Payphone Lines )

96-262

REPLY

BellSouth Telecommunications, Inc. (BellSouth) herewith replies to initial comments filed in the above-referenced proceeding. BellSouth refutes the claim made by some commenters of disparate treatment in the assessment of presubscribed interexchange carrier charges (PICC) to LEC-provided payphones and independent payphones respectively. In addition, BellSouth shows that the multiline business rate applied to payphone lines comports with the application of related subscriber line charges (SLC) and with the Commission's intent in establishing the PICC as an element of its comprehensive access charge reform.<sup>1</sup> Finally, no modification of Commission rules is necessary to permit the recovery of PICC charges using the methodology described in BellSouth's initial comments, and no compelling argument has been advanced to justify the exemption of payphones from application of this recovery method.

1. PICC charges are applied uniformly to all payphone lines, whether LEC-owned or independent. Some commenters allege that independent payphone providers are subjected to

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<sup>1</sup> In the Matter of Access Charge Reform, CC Docket No. 96-262, FCC 97-368, *Second Order on Reconsideration and Memorandum Opinion and Order*, released October 9, 1997.

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different treatment in the assessment of PICC charges than are LEC providers.<sup>2</sup> These allegations are baseless. In compliance with the clear mandate of Section 69.153, 47 C.F.R. Section 69.153, the PICC charge is applied to the presubscribed interexchange carrier of the line, or if the line is not PICed, to the end user. No distinction is made based upon the ownership of the payphone line. In BellSouth's case, payphone service is provided through a fully separate subsidiary, BellSouth Public Communications, Inc. (BSPC). All BSPC lines are PICed to an interexchange carrier; however, should any line not be so subscribed, the charge would be assessed to BSPC itself. Similarly, an independent payphone provider will not incur liability for the PICC charge on any line for which a primary interexchange carrier has been selected.

In initial comments BellSouth explained the circumstances through which different carriers might be responsible for the transport of 0+ and 1+ traffic from a single pay station.<sup>3</sup> Notwithstanding these contractual arrangements, only one carrier is designated as the PIC for a pay telephone line and only one carrier is responsible for payment of the PICC charge assessed per station line. There is no merit to the contention that LECs commonly bill PICC charges to the 0+ carrier of an independent payphone, while the same charge assessed on a LEC-owned payphone is billed to the 1+ carrier.

2. The multiline business PICC is correctly applied to payphone lines. Like the subscriber line charge (SLC), the PICC is designed to recover a portion of the fixed costs of the station line. It is logical that the same cost recovery rules would be applied to both charges and

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<sup>2</sup> APCC, p. 15; Opticom, pp. 1-2.

<sup>3</sup> BellSouth, p. 3.

the Commission has in fact so declared.<sup>4</sup> The Commission has previously held that the multiline business SLC should apply to subscriber lines terminating at both LEC-owned and independent payphones.<sup>5</sup> This requirement is embodied in BellSouth's tariff. Likewise, the multiline business PICC charge is assessed per payphone line in accordance with BellSouth Tariff F.C.C. No. 1, Section 3.8.6. The application of a single line business PICC to payphones, urged by some commenters,<sup>6</sup> represents an approach obviously inconsistent with Commission determinations in the payphone and access reform proceedings.

3. A payphone exemption from the application of PICC charges is not justified.

There is nothing inherently unique in the network facilities necessary to provision payphone service. Station lines which terminate in payphone equipment are configured like other business and residential lines and require the same expenditure by the LEC. In determining an equitable allocation of these fixed costs, circumstances such as the incidence of dial around calling and the transient character of the customer base are irrelevant, however they may differentiate public telephone service from other service types. It is therefore appropriate that public telephone service providers pay a reasonable share of network costs, and that the cost recovery mechanisms applied to other services are likewise applied to public payphone service. The Commission's

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<sup>4</sup> In the Matter of Access Charge Reform, n. 1 *supra*, at para. 23.

<sup>5</sup> In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, FCC 96-388, *Report and Order*, released September 20, 1996, para. 187.

<sup>6</sup> APCC, p. 21; Oncor, pp. 7-8.

rules as presently constituted achieve this objective.<sup>7</sup>

### CONCLUSION

For the reasons stated here and in initial comments, BellSouth asks the Commission to confirm that current rules adequately support application of the multiline business PICC to pay telephone lines and that there are no policy considerations to justify an exemption from the PICC charge for any segment of the pay telephone industry.

Respectfully submitted,

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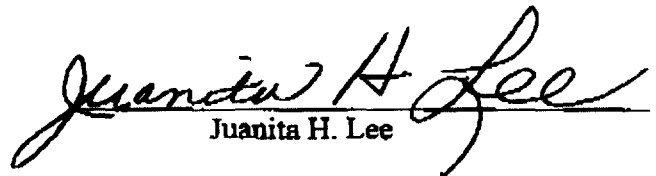
Date: June 2, 1998

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<sup>7</sup> BellSouth recognizes that payphone provider costs may increase as a consequence of "pass through" of PICC charges by the presubscribed IXC. To the extent this occurs, it is hoped that IXCs will likewise pass through the corresponding benefits of carrier common line (CCL) rate reductions. In any case, the ultimate burden of rate increases—and the benefit of rate reductions—are matters to be decided through negotiation of the parties. They are not determinative of the reasonableness of the PICC charge or its method of recovery.

**CERTIFICATE OF SERVICE**

I do hereby certify that I have this 2<sup>nd</sup> day June 1998 served the following parties to this action with a copy of the foregoing REPLY by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties list on the attached service list.

  
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